

**Environmental and Public Protection
Horse Racing Authority**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	509,700	649,300	737,200	509,700	509,700
Total General Fund	509,700	649,300	737,200	509,700	509,700
Restricted Funds					
Balance Forward	4,175,000	3,753,900	3,185,700	3,302,100	2,919,900
Current Receipts	3,787,000	3,787,000	3,787,000	3,787,000	3,787,000
Non-Revenue Receipts	23,844,900	23,765,600	23,716,800	23,765,600	23,716,800
Total Restricted Funds	31,806,900	31,306,500	30,689,500	30,854,700	30,423,700
TOTAL SOURCE OF FUNDS	32,316,600	31,955,800	31,426,700	31,364,400	30,933,400
EXPENDITURES BY CLASS					
Personnel Cost	2,419,200	2,546,100	2,578,800	2,221,700	2,086,700
Operating Expenses	1,622,100	1,538,500	1,516,800	1,537,300	1,515,600
Grants, Loans or Benefits	24,973,200	24,685,500	24,685,500	24,685,500	24,685,500
TOTAL EXPENDITURES	29,014,500	28,770,100	28,781,100	28,444,500	28,287,800
EXPENDITURES BY FUND SOURCE					
General Fund	509,700	649,300	737,200	509,700	509,700
Restricted Funds	28,504,800	28,120,800	28,043,900	27,934,800	27,778,100
TOTAL EXPENDITURES	29,014,500	28,770,100	28,781,100	28,444,500	28,287,800
EXPENDITURES BY UNIT					
Administration and Regulation of Racing	3,318,100	3,361,400	3,372,400	3,035,800	2,879,100
Equine Drug Research Fund	650,500	650,500	650,500	650,500	650,500
Thoroughbred Development Fund	8,186,100	8,186,100	8,186,100	8,186,100	8,186,100
Standardbred Development Fund	507,700	220,000	220,000	220,000	220,000
Standardbred Horsemen Fees	700,000	700,000	700,000	700,000	700,000
County Fair Purse Fund	204,000	204,000	204,000	204,000	204,000
Thoroughbred Owners and Breeders	282,700	282,700	282,700	282,700	282,700
Backside Improvement Commission	165,400	165,400	165,400	165,400	165,400
Ky Thoroughbred Breeder Incentive Fund	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Ky Standardbred Breeder Incentive Fund	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000
Ky Horse Breeders Incentive Fund	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
TOTAL EXPENDITURES	29,014,500	28,770,100	28,781,100	28,444,500	28,287,800

The Kentucky Horse Racing Authority, pursuant to KRS 230. 260, is responsible for the regulation of thoroughbred and harness horse racing and the fostering of thoroughbred and harness horse breeding within the Commonwealth. The Authority prescribes the rules, regulations, and conditions under which all thoroughbred, harness horse, quarter horse, Appaloosa, and Arabian racing and wagering may be conducted in the Commonwealth.

The Authority's charge is to:

- advance horse industry-related economic growth;
- strengthen ties between Kentucky's universities and the horse industry;
- ensure that Kentucky remains on the cutting-edge of equine research; and
- promote Kentucky's horse and tourism industry.

The Authority is an independent agency that is attached to the Department for Public Protection for administrative purposes only.

Administration and Regulation of Racing is the administrative and oversight body of the Authority. The Division of Racing and Security oversees the state veterinarians and support staff. The security function supervises drug testing and interdiction on the track's backside. The Division of Licensing is responsible for licensing all individuals who participate in thoroughbred and harness racing.

The Equine Drug Research Council advises the Authority on research programs. One-tenth of one percent of the thoroughbred pari-mutuel handle supports the Council. Funds are used to support drug research and testing.

The Thoroughbred Development Fund was created in 1978 to encourage breeders from other states to send their breeding stock to Kentucky to improve the caliber of breeding and racing stock in the Commonwealth. The program is funded by three-fourths of one percent of the total pari-mutuel handle.

The Standardbred Development Fund supports efforts to attract breeders from other states to send their breeding stock to Kentucky, to increase the number of owners in Kentucky, and to increase the number of horses bred in Kentucky. One percent of the pari-mutuel handle from the harness horse racing tracks is deposited in a revolving fund account for the Standardbred Development Fund.

The County Fair Purse Fund receives funding from uncashed pari-mutuel harness racing tickets and redistributes the funds in the form of purse supplements to county fairs.

The Backside Improvement Commission is charged with promoting, enhancing, and improving of the backsides of Turfway and Ellis Parks. Racing associations with an average handle of \$1,200,000 or less per racing day are required to pay one-half of one percent to the Fund. Racing associations with an average handle of \$1,200,000 or more per racing day are required to pay three and one-half percent to the Fund.

The Thoroughbred Owners and Breeders Fund receives six percent of the commissions at simulcast facilities to fund capital improvements and promote off-track betting. It also supports marketing and promotion of the Kentucky thoroughbred industry.

The Kentucky Thoroughbred Breeder, Standardbred, and Horse Breeders Funds provide rewards for breeders of horses bred and foaled in Kentucky. Incentive funds are derived from sales taxes paid on stallion stud fees.

Policy

The Governor's recommended budget for Administration and Regulation appropriates all available Restricted Funds. If the Authority determines that additional funding is needed it may raise fees and track assessments to underwrite the additional costs.